

The Different Types Of Affiliate Marketing

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Affiliate marketing programs has never been as popular before as it is today. Why? There can be a number of reasons. The most probable reason, however, could be the fact that the benefits of affiliate marketing have become clearer to a lot of people now than they were before.

Today, both the merchants and the affiliates can see clearly that affiliate marketing can work for both of them. The merchant sees affiliate marketing today as the chance to advertise their products at a lower cost. The affiliates, on the other hand, sees affiliate marketing as an easy way of earning profits online by doing what they like most, and that is by creating websites.

Just as the popularity of affiliate marketing has shifted into greater heights, so has the people's outlook about it changed. No longer is affiliate marketing considered today as an alternative method for the merchant to advertise his products, or as a source of additional income for the affiliates. For merchants and affiliates alike, affiliate marketing is now considered as a main source of profits and revenues.

So the question now is what type of affiliate marketing will work best for you? Are all affiliate marketing programs the same? Are the benefits the same? Or are there affiliate marketing programs that work better than the others?

There are actually different types or classes of affiliate marketing, and the number of types will depend on how one will classify them. The most basic affiliate marketing programs, however, falls under two categories: pay-per-click (PPC), and pay-per-performance (PPP).

Pay Per Click (PPC)

PPC is the most popular type of affiliate marketing for affiliates with small websites, and probably the easiest way for them to earn money. In this affiliate marketing type, the merchant pays his affiliate whenever a visitor is referred to his site, that is whenever someone clicks through the merchant's banner or text ads. The affiliate gets paid a certain amount even if the visitor he referred does not purchase anything from the merchant's site. However, typical fees for PPC affiliate programs are small, usually not exceeding a dollar for every click.

Pay Per Performance (PPP)

PPP affiliate marketing is the most popular among merchant and is also the most lucrative type for the affiliates. In this type of affiliate program, the merchant only pays the affiliate whenever his referral translates into an action-that is whenever the visitor he has referred actually buys something from the merchant's site or when the visitor becomes a lead. This means a lot of savings for the merchant. On the other hand, it becomes the most lucrative type for the dedicated affiliate, for commissions in PPP affiliate marketing usually comes in the range of 15% to 20% of the actual product sales.

Pay-per-performance affiliate marketing can be further classified into two popular types: pay-per-sales (PPS) and pay-per-lead (PPL).

o Pay Per Sale (PPS)

In a pay-per-sale type of affiliate marketing, the merchants pay the affiliate a certain fee whenever the visitor he has referred to the merchant's site actually buys something from the merchant's site. Affiliates are often paid on commission basis, although other merchants would opt to pay a fixed fee. But no matter what the basis of the fee is, it is generally higher than the fee paid to affiliates in a pay-per-click affiliate program.

o Pay Per Lead (PPL)

The pay-per-lead type of affiliate marketing is a slight variation of the PPS type and is often used by insurance and finance companies and other companies who rely on leads for their company to grow. In this type of affiliate marketing, the affiliate is paid whenever the visitor he referred to the merchant's site fills up an application form or any similar form related to the business of the company. Compensation for this type of affiliate marketing is based on a fixed fee whose rates approximate that of the fixed fee in the PPS type.

Aside from these three specific types of affiliate marketing, a lot of other affiliate marketing types exist. If the classification is based on the depth of the affiliate network, it can be classified as single-tier, two-tier, and multi-tier affiliate marketing. There is also another type of affiliate marketing that pays the affiliate each time the customer he has referred purchases something from the merchant's site.

• Single-Tier, Two-Tier, and Multi-Tier Affiliate Marketing

These types of affiliate marketing are based on the different levels or tiers in the affiliate network by which payments are made. In a single-tier affiliate marketing program, the affiliates are only paid based on the direct sales or traffic he has referred to the merchant. All the previously mentioned affiliate marketing types (i.e. PPS, PPL, and PPC) fall under the single-tier classification.

In two-tier affiliate marketing programs, the affiliate is not only paid for the direct traffic or sales that he refers to the merchant's site, but also on every traffic or sales referred by various other affiliates who joined the affiliate program through his recommendation. Multi-tier affiliate marketing works the same way, although the affiliate gets additional commission for a wider number of affiliates in different tiers in the affiliate network.

• Residual Income Affiliate Marketing

In residual income affiliate marketing, the affiliate gets paid not only once for every customer he has referred to the merchant's site. Rather, the affiliate is also paid whenever the customer he has referred returns to the site and purchase another product. Compensation for such type of affiliate marketing is based on either sales percentage commission or fixed fee basis.

The different affiliate marketing types would virtually work differently for merchants and affiliates alike, and each would generally have their own list of benefits. Which type of affiliate marketing will work best for you? It is not really for me to tell. Rather, it is for you to choose which type of affiliate marketing program will suit your needs and characteristics best.